



J. TYLER McCAULEY  
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, ROOM 525  
LOS ANGELES, CALIFORNIA 90012-2766  
PHONE: (213) 974-8301 FAX: (213) 626-5427

May 30, 2003

TO: Supervisor Yvonne Brathwaite Burke, Chair  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley   
Auditor-Controller

SUBJECT: **DEPARTMENT OF CHILDREN AND FAMILY SERVICES  
FAMILY PRESERVATION PROGRAM SERVICE  
PROVIDERS' FINANCIAL AUDITS – FISCAL YEARS 1999-2001**

At the request of the Department of Children and Family Services (DCFS), we engaged Simpson & Simpson, Certified Public Accountants (S&S), to conduct financial audits of the 28 community-based organizations that provided Family Preservation services for DCFS for Fiscal Years 1998-99 through 2000-01. S&S has completed its financial audits and has reported the findings for each service provider to the Department and to the respective service providers.

**REVIEW SUMMARY**

The Department paid the 28 service providers approximately \$51.9 million over the three year contract term. Of this amount, S&S questioned costs totaling approximately \$2.9 million (5.6% of total payments), as follows:

- \$1.4 million related to improper allocation of costs to the Family Preservation program;
- \$1.3 million in expenditures that could not be supported with appropriate documentation; and
- \$200,000 related to purchase of fixed assets or discretionary expenditures that DCFS had not approved.

\$2.0 million (68%) of the total \$2.9 million in questioned costs can be attributed to four service providers (City of Long Beach, Human Services Administration, Richstone Family Center, and Youth Intervention Program).

As well, S&S noted numerous instances in which the providers had not obtained DCFS approval for certain subcontracts and other instances in which the providers and/or their subcontractors did not maintain the necessary levels of insurance.

S&S was not able to audit two providers, Equipoise and LA Wings of Faith, as these providers' accounting records were not available for the audit. DCFS did not contract with these providers in the subsequent contract period, and both providers ceased operations prior to the audits commencing. DCFS should consult with County Counsel regarding DCFS' options in pursuing these accounting records.

A summary of S&S's findings is attached.

### **REVIEW OF REPORT**

DCFS has agreed to request a written response and corrective action plan within 30 days from each service provider for each reporting period. In addition, DCFS has agreed to provide the Board with a written response within 90 days, outlining the resolution of the findings and questioned costs contained in the reports.

Due to the number of the reports, we have forwarded copies of the reports only to DCFS. If you have any questions or would like a copy of the reports, please contact me or have your staff contact DeWitt Roberts at (626) 293-1101.

JTM:DR:JK

Attachment

c: David E. Janssen, Chief Administrative Officer  
Lloyd W. Pellman, County Counsel  
Department of Children and Family Services  
David Sanders, Ph.D., Director  
Eric Marts, Director, Bureau of Child Protection  
Genevra Gilden, Chief, Quality Assurance Division  
Violet Varona-Lukens, Executive Officer  
Public Information Office  
Audit Committee  
Commission for Children and Families

Department of Children and Family Services  
Family Preservation Program – Provider Fiscal Audits

Attachment I  
Page 1

Provider	Fiscal Year	Revenue	Findings
<b>Boys &amp; Girls Club of San Fernando Valley</b>	1998-99	\$792,300	<ul style="list-style-type: none"> <li>▪ Improper indirect cost allocation resulting in questioned costs of \$4,532</li> <li>▪ Improper joint costs allocation resulting in questioned costs of \$42,459</li> <li>▪ Subcontractor's certificates of insurance not available upon request</li> <li>▪ Bank reconciliations not signed and dated by reviewer and preparer</li> </ul>
	1999-00	\$869,138	<ul style="list-style-type: none"> <li>▪ Improper indirect cost allocation resulting in questioned costs of \$28,006</li> <li>▪ Improper joint costs allocation resulting in questioned costs of \$46,505</li> <li>▪ Subcontractor's certificates of insurance not available upon request</li> <li>▪ Bank reconciliations not signed and dated by reviewer and preparer</li> </ul>
	2000-01	\$846,884	<ul style="list-style-type: none"> <li>▪ Improper indirect cost allocation resulting in questioned costs of \$66,988</li> <li>▪ Improper joint costs allocation resulting in questioned costs of \$45,076</li> <li>▪ Subcontractor's certificates of insurance not available upon request</li> <li>▪ Bank reconciliations not signed and dated by reviewer and preparer</li> </ul>
<b>CA Hospital Medical Center (Pico Union)</b>	1998-99	\$426,800	<ul style="list-style-type: none"> <li>▪ Incorrect calculation of indirect costs resulting in questioned costs of \$6,507</li> </ul>
	1999-00	\$383,939	<ul style="list-style-type: none"> <li>▪ Incorrect calculation of indirect costs resulting in questioned costs of \$5,661</li> </ul>
	2000-01	\$446,159	<ul style="list-style-type: none"> <li>▪ Incorrect calculation of indirect costs resulting in questioned costs of \$6,785</li> </ul>
<b>Children's Center Antelope Valley</b>	1998-99	\$475,424	<ul style="list-style-type: none"> <li>▪ Improper cost allocation resulting in questioned costs of \$5,224</li> <li>▪ Supporting documents for payments not properly canceled</li> </ul>
	1999-00	\$519,930	<ul style="list-style-type: none"> <li>▪ Improper cost allocation resulting in questioned costs of \$411</li> </ul>
	2000-01	\$549,583	<ul style="list-style-type: none"> <li>▪ Supporting documents for payments not properly canceled</li> </ul>
<b>Children's Institute International</b>	1998-99	\$366,622	<ul style="list-style-type: none"> <li>▪ Improper base for indirect cost allocation resulting in questioned costs of \$9,557</li> <li>▪ Expenditures without supporting documentation resulting in questioned costs of \$4,360</li> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Bank reconciliations not signed and dated by reviewer and preparer</li> </ul>
	1999-00	\$367,755	<ul style="list-style-type: none"> <li>▪ Improper base for indirect cost allocation resulting in questioned costs of \$10,342</li> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Bank reconciliations not signed and dated by reviewer and preparer</li> </ul>
	2000-01	\$349,173	<ul style="list-style-type: none"> <li>▪ Improper base for indirect cost allocation resulting in questioned costs of \$12,551</li> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Bank reconciliations not signed and dated by reviewer and preparer</li> <li>▪ Supporting documents for payments not properly canceled</li> </ul>

Department of Children and Family Services  
Family Preservation Program – Provider Fiscal Audits

Attachment I  
Page 2

Provider	Fiscal Year	Revenue	Findings
<b>Long Beach Youth Center (ChildNet)</b>	1998-99	\$679,536	<ul style="list-style-type: none"> <li>▪ Subcontractor's certificates of insurance not available upon request</li> <li>▪ Agency did not have a single audit</li> <li>▪ Improper allocation of interest costs resulting in questioned costs of \$800</li> </ul>
	1999-00	\$734,267	<ul style="list-style-type: none"> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Lack of DCFS approval for certain subcontracts</li> <li>▪ Agency did not have a single audit</li> <li>▪ Lack of DCFS approval for fixed asset purchases resulting in questioned costs of \$2,796</li> <li>▪ Improper allocation of interest costs resulting in questioned costs of \$1,260</li> </ul>
	2000-01	\$778,486	<ul style="list-style-type: none"> <li>▪ Subcontractor's certificates of insurance not available upon request</li> <li>▪ Lack of DCFS approval for certain subcontracts</li> <li>▪ Improper allocation of interest costs resulting in questioned costs of \$900</li> </ul>
<b>City of Long Beach</b>	1998-99	\$610,460	<ul style="list-style-type: none"> <li>▪ Improper indirect cost allocation resulting in questioned costs of \$95,538</li> <li>▪ Subcontractors' certificates of insurance not available upon request</li> </ul>
	1999-00	\$662,855	<ul style="list-style-type: none"> <li>▪ Improper indirect cost allocation resulting in questioned costs of \$92,153</li> <li>▪ Subcontractors' certificates of insurance not available upon request</li> </ul>
	2000-01	\$619,299	<ul style="list-style-type: none"> <li>▪ Improper indirect cost allocation resulting in questioned costs of \$87,279</li> <li>▪ Lack of DCFS approval for certain subcontracts</li> </ul>
<b>Drew Child Development</b>	1998-99	\$624,713	<ul style="list-style-type: none"> <li>▪ Lack of DCFS approval for certain subcontracts</li> <li>▪ Inadequate insurance coverage for provider and certain subcontractors</li> </ul>
	1999-00	\$713,616	<ul style="list-style-type: none"> <li>▪ Lack of DCFS approval for certain subcontracts</li> <li>▪ Inadequate insurance coverage for provider and certain subcontractors</li> <li>▪ Lack of DCFS approval for fixed asset purchases resulting in questioned costs of \$37,198</li> </ul>
	2000-01	\$682,631	<ul style="list-style-type: none"> <li>▪ Improper indirect cost allocation resulting in questioned costs of \$2,299</li> <li>▪ Lack of DCFS approval for certain subcontracts</li> <li>▪ Inadequate insurance coverage for provider and certain subcontractors</li> <li>▪ Separation of duties not in place for the receipt of cash and the distribution of payroll checks</li> </ul>

Department of Children and Family Services  
Family Preservation Program – Provider Fiscal Audits

Attachment I  
Page 3

Provider	Fiscal Year	Revenue	Findings
<b>East Valley Boys &amp; Girls Club</b>	1998-99	\$577,453	<ul style="list-style-type: none"> <li>Expenditures without supporting documentation resulting in questioned costs of \$730</li> <li>Subcontractors' certificates of insurance not available upon request</li> <li>Certificate of insurance for professional liability not available upon request</li> <li>Bank reconciliations not signed and dated by reviewer and preparer</li> </ul>
	1999-00	\$571,533	<ul style="list-style-type: none"> <li>Lack of DCFS approval for fixed asset purchases resulting in questioned costs of \$1,747</li> <li>Co-mingling of funds resulting in questioned costs of \$1,807</li> <li>Payroll expenditures not supported by timecards resulting in questioned costs of \$426</li> <li>Subcontractors' certificates of insurance not available upon request</li> <li>Certificate of insurance for professional liability not available upon request</li> <li>Bank reconciliations not signed and dated by reviewer and preparer</li> </ul>
	2000-01	\$580,158	<ul style="list-style-type: none"> <li>Improper base for indirect cost allocation resulting in questioned costs of \$13,675</li> <li>Lack of DCFS approval for fixed asset purchases resulting in questioned costs of \$648</li> <li>Subcontractors' certificates of insurance not available upon request</li> <li>Certificate of insurance for professional liability not available upon request</li> <li>Bank reconciliations not signed and dated by reviewer and preparer</li> </ul>
<b>El Centro Del Pueblo</b>	1998-99	\$378,510	<ul style="list-style-type: none"> <li>Lack of DCFS approval for certain subcontracts</li> <li>Subcontractors' certificates of insurance not available upon request</li> </ul>
	1999-00	\$381,399	No material findings.
	2000-01	\$369,441	No material findings.
<b>Equipoise, Inc.</b>	1998-99	\$459,767	DCFS did not contract with this provider in the subsequent contract period, and the provider ceased operations prior to the audits commencing. DCFS should consult with County Counsel regarding DCFS' options in pursuing these accounting records.
	1999-00	\$453,244	
	2000-01	\$532,262	

Provider	Fiscal Year	Revenue	Findings
Five Acres Boys & Girls	1998-99	\$454,634	<ul style="list-style-type: none"> <li>Allocation of administrative costs incorrectly based on budget amounts</li> <li>Incorrect allocation of salary expenditures resulting in questioned costs of \$33,012</li> <li>Subcontractors' certificates of insurance not available upon request</li> <li>Separation of duties not in place for the receipt of cash and the distribution of payroll checks</li> <li>Bank reconciliations not signed and dated by reviewer and preparer</li> </ul>
	1999-00	\$460,766	<ul style="list-style-type: none"> <li>Incorrect allocation of administrative costs resulting in questioned costs of \$27,860</li> <li>Incorrect allocation of salary expenditures resulting in questioned costs of \$20,735</li> <li>Co-mingling of funds resulting in questioned costs of \$44,636</li> <li>Subcontractors' certificates of insurance not available upon request</li> <li>Separation of duties not in place for distribution of payroll checks</li> </ul>
	2000-01	\$385,431	<ul style="list-style-type: none"> <li>Incorrect allocation of salary expenditure resulting in questioned costs of \$17,711</li> <li>Subcontractors' certificates of insurance not available upon request</li> <li>Separation of duties not in place for the receipt of cash and the distribution of payroll checks</li> <li>Bank reconciliations not signed and dated by reviewer and preparer</li> </ul>

Provider	Fiscal Year	Revenue	Findings
Guidance Community Development Center	1998-99	\$1,442,881	<ul style="list-style-type: none"> <li>Incorrect cost allocation resulting in questioned costs of \$517</li> <li>Allowance for bad debt expenditure of \$14,400 is a disallowed cost</li> <li>Lack of DCFS approval for fixed asset purchases resulting in questioned costs of \$2,615</li> <li>Lack of DCFS approval for discretionary expenditures resulting in questioned costs of \$6,666</li> <li>Lack of DCFS approval for a subcontract</li> <li>Provider's certificate of insurance for workers' compensation was not available upon request</li> <li>Subcontractors' certificates of insurance not available upon request</li> </ul>
	1999-00	\$1,525,657	<ul style="list-style-type: none"> <li>Subcontracting with an affiliated agency resulted in a disallowed cost of \$23,468</li> <li>Incorrect cost allocation resulting in questioned costs of \$1,013</li> <li>Expenditures without supporting documentation resulting in questioned costs of \$23,421</li> <li>Lack of DCFS approval for fixed asset purchases resulting in questioned costs of \$11,892</li> <li>Lack of DCFS approval for discretionary expenditures resulting in questioned costs of \$4,737</li> <li>Lack of DCFS approval for certain subcontracts</li> <li>Provider's certificate of insurance for workers' compensation was not available upon request</li> <li>Subcontractors' certificates of insurance not available upon request</li> </ul>
	2000-01	\$1,400,998	<ul style="list-style-type: none"> <li>Subcontracting with an affiliated agency resulted in a disallowed cost of \$22,600</li> <li>Incorrect cost allocation resulting in questioned costs of \$3,499</li> <li>Expenditures without supporting documentation resulting in questioned costs of \$14,601</li> <li>Lack of DCFS approval for fixed asset purchases resulting in questioned costs of \$6,132</li> <li>Lack of DCFS approval for discretionary expenditures resulting in questioned costs of \$7,692</li> <li>Allowance for interest expense of \$88 is a disallowed cost</li> <li>Co-mingling of funds resulted in questioned costs of \$2,250</li> <li>Lack of DCFS approval for certain subcontracts</li> <li>Provider's certificate of insurance for workers' compensation was not available upon request</li> <li>Subcontractors' certificates of insurance not available upon request</li> </ul>

Provider	Fiscal Year	Revenue	Findings
<b>Helpline Youth Counseling</b>	1998-99	\$470,741	<ul style="list-style-type: none"> <li>Unallowable costs of \$34,875, primarily related to salaries.</li> <li>Incorrect cost allocation resulting in questioned costs of \$2,579</li> <li>Subcontractors' certificates of insurance not available upon request</li> <li>Inadequate subcontractor insurance coverage</li> <li>Bank reconciliations not signed and dated by reviewer and preparer</li> <li>Supporting documents for payments not properly canceled</li> <li>Lack of segregation of duties among bank reconciliation, cash receipts and check writing</li> </ul>
	1999-00	\$457,786	<ul style="list-style-type: none"> <li>Incorrect cost allocation resulting in questioned costs of \$17,467</li> <li>Subcontractors' certificates of insurance not available upon request</li> <li>Inadequate subcontractor insurance coverage</li> <li>Bank reconciliations not signed and dated by reviewer and preparer</li> <li>Supporting documents for payments not properly canceled</li> <li>Separation of duties not in place for bank reconciliations, cash receipts and checking writing</li> </ul>
	2000-01	\$463,002	<ul style="list-style-type: none"> <li>Therapeutic day treatment costs of \$10,376 not supported</li> <li>Subcontractors' certificates of insurance not available upon request</li> <li>Inadequate subcontractor insurance coverage</li> <li>Bank reconciliations not signed and dated by reviewer</li> <li>Supporting documents for payments not properly canceled</li> <li>Separation of duties not in place for bank reconciliations, cash receipts and checking writing</li> </ul>
<b>Human Services Association</b>	1998-99	\$515,686	<ul style="list-style-type: none"> <li>Improper indirect cost allocation resulting in questioned costs of \$82,219</li> <li>Subcontractors' certificates of insurance not available upon request</li> </ul>
	1999-00	\$537,597	<ul style="list-style-type: none"> <li>Improper indirect cost allocation resulting in questioned costs of \$112,283</li> <li>Lack of DCFS approval for purchase of fixed assets resulting in questioned costs of \$36,672</li> <li>Lack of DCFS approval for use of discretionary funds resulting in questioned costs of \$9,000</li> <li>Subcontractors' certificates of insurance not available upon request</li> <li>Fixed asset listing not updated</li> </ul>
	2000-01	\$534,210	<ul style="list-style-type: none"> <li>Improper indirect cost allocation resulting in questioned costs of \$83,052</li> <li>Subcontractors' certificates of insurance not available upon request</li> <li>Lack of DCFS approval for certain subcontracts</li> </ul>



Department of Children and Family Services  
Family Preservation Program – Provider Fiscal Audits

Attachment I  
Page 7

Provider	Fiscal Year	Revenue	Findings
<b>Institute For Black Parenting</b>	1998-99	\$468,927	<ul style="list-style-type: none"> <li>▪ Lack of cost allocation plan resulting in questioned costs of \$50,184</li> <li>▪ Lack of DCFS approval for purchase of fixed assets resulting in questioned costs of \$1,951</li> <li>▪ Donation expense of \$120 is unallowable</li> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Bank reconciliations not signed and dated by reviewer</li> <li>▪ Separation of duties not in place for bank reconciliations, cash receipts and checking writing</li> </ul>
	1999-00	\$445,422	<ul style="list-style-type: none"> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Bank reconciliations not signed and dated by reviewer</li> <li>▪ Separation of duties not in place for bank reconciliations, cash receipts and checking writing</li> </ul>
	2000-01	\$463,646	<ul style="list-style-type: none"> <li>▪ Lack of cost allocation plan resulting in questioned costs of \$48,000</li> <li>▪ Supporting documentation not maintained for rent and office expenditures resulting in questioned costs of \$19,062</li> <li>▪ Lack of DCFS approval for purchase of fixed assets resulting in questioned costs of \$575</li> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Bank reconciliations not signed and dated by reviewer</li> <li>▪ Separation of duties not in place for bank reconciliations, cash receipts and checking writing</li> </ul>
<b>Joint Efforts</b>	1998-99	\$513,582	<ul style="list-style-type: none"> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Inadequate insurance coverage</li> </ul>
	1999-00	\$553,182	<ul style="list-style-type: none"> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Inadequate insurance coverage</li> </ul>
	2000-01	\$642,992	<ul style="list-style-type: none"> <li>▪ Lack of approval from DCFS for property acquisition resulting in questioned costs of \$10,917</li> <li>▪ Subcontractors' certificates of insurance not available upon request</li> </ul>
<b>LA Wings of Faith (South Central Com)</b>	1998-99	\$492,916	DCFS did not contract with this provider in the subsequent contract period, and the provider ceased operations prior to the audits commencing. DCFS should consult with County Counsel regarding DCFS' options in pursuing these accounting records.
	1999-00	\$499,162	
	2000-01	\$561,652	
<b>National Council on Alcoholism &amp; Drug</b>	1998-99	\$330,515	<ul style="list-style-type: none"> <li>▪ Subcontractors' certificates of insurance not available upon request</li> </ul>
	1999-00	\$330,727	<ul style="list-style-type: none"> <li>▪ Subcontractors' certificates of insurance not available upon request</li> </ul>
	2000-01	\$360,052	<ul style="list-style-type: none"> <li>▪ Subcontractors' certificates of insurance not available upon request</li> </ul>

Department of Children and Family Services  
Family Preservation Program – Provider Fiscal Audits

Attachment I  
Page 8

Provider	Fiscal Year	Revenue	Findings
Para Los Ninos	1998-99	\$244,601	<ul style="list-style-type: none"> <li>▪ Lack of supporting documentation for calculation of indirect costs resulting in questioned costs of \$60,268</li> <li>▪ Lack of approval from DCFS for disposal of fixed assets</li> <li>▪ Inadequate insurance coverage</li> <li>▪ Bank reconciliations not signed and dated by reviewer</li> </ul>
	1999-00	\$378,257	<ul style="list-style-type: none"> <li>▪ Lack of approval from DCFS for disposal of fixed assets</li> <li>▪ Lack of supporting documentation for accrued expenses resulting in questioned costs of \$1,834</li> <li>▪ Bank reconciliations not signed and dated by reviewer</li> </ul>
	2000-01	\$401,778	<ul style="list-style-type: none"> <li>▪ Lack of approval from DCFS for disposal of fixed assets</li> <li>▪ Lack of approval from DCFS for use of subcontractors</li> <li>▪ Bank reconciliations not signed and dated by reviewer</li> </ul>

Provider	Fiscal Year	Revenue	Findings
<b>Personal Involvement Center</b>	1998-99	\$444,214	<ul style="list-style-type: none"> <li>▪ Lack of supporting documentation for subcontractor and equipment expenditures resulting in questioned costs of \$31,920</li> <li>▪ No basis for allocating indirect and joint costs resulting in questioned costs of \$8,731</li> <li>▪ Co-mingling of program funds resulting in questioned costs of \$28,885</li> <li>▪ Certificates of insurance not available upon request</li> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Bank reconciliations not signed and dated by reviewer</li> <li>▪ Supporting documents for payments not properly canceled</li> </ul>
	1999-00	\$490,222	<ul style="list-style-type: none"> <li>▪ Lack of supporting documentation for subcontractor and operating expenditures resulting in questioned costs of \$27,741</li> <li>▪ No basis for allocating indirect and joint costs resulting in questioned costs of \$5,381</li> <li>▪ Co-mingling of program funds resulting in questioned costs of \$2,250</li> <li>▪ Certificates of insurance not available upon request</li> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Fixed asset listing not updated properly</li> <li>▪ Bank reconciliations not signed and dated by reviewer</li> </ul>
	2000-01	\$539,078	<ul style="list-style-type: none"> <li>▪ Lack of supporting documentation for salary, subcontractor and operating expenditures resulting in questioned costs of \$26,112</li> <li>▪ No basis for allocating indirect and joint costs resulting in questioned costs of \$5,574</li> <li>▪ Co-mingling of program funds resulting in questioned costs of \$5,662</li> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Lack of DCFS approval for certain subcontracts</li> <li>▪ Fixed asset listing not updated properly</li> <li>▪ Bank reconciliations not signed and dated by reviewer</li> </ul>

Department of Children and Family Services  
Family Preservation Program – Provider Fiscal Audits

Attachment I  
Page 10

Provider	Fiscal Year	Revenue	Findings
<b>Plaza Community Center</b>	1998-99	\$750,544	<ul style="list-style-type: none"> <li>▪ Inadequate insurance coverage</li> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Bank reconciliations not signed and dated by reviewer</li> </ul>
	1999-00	\$774,407	<ul style="list-style-type: none"> <li>▪ Improper cost allocation resulting in questioned costs of \$10,248</li> <li>▪ Lack of supporting documentation for employee benefit and equipment expenditures resulting in questioned costs of \$16,987</li> <li>▪ Inadequate insurance coverage</li> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Bank reconciliations not signed and dated by reviewer</li> </ul>
	2000-01	\$685,937	<ul style="list-style-type: none"> <li>▪ Improper cost allocation resulting in questioned costs of \$6,326</li> <li>▪ Lack of supporting documentation for insurance and subcontractor expenditures resulting in questioned costs of \$24,594</li> <li>▪ Inadequate subcontractor insurance coverage</li> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Bank reconciliations not signed and dated by reviewer</li> </ul>
<b>Pomona Unified School District</b>	1998-99	\$560,446	<ul style="list-style-type: none"> <li>▪ Co-mingling of program funds resulting in questioned costs of \$5,930</li> <li>▪ Lack of DCFS approval for certain subcontractors</li> <li>▪ Inadequate insurance coverage</li> <li>▪ Incorrect methodology of allocating salary expenditures</li> <li>▪ No fixed asset listing</li> </ul>
	1999-00	\$673,765	<ul style="list-style-type: none"> <li>▪ Co-mingling of program funds resulting in questioned costs of \$5,930</li> <li>▪ Lack of DCFS approval for certain subcontractors</li> <li>▪ Payment of a duplicate invoice resulting in questioned costs of \$7,645</li> <li>▪ Missing insurance coverage documentation</li> <li>▪ Incorrect methodology of allocating salary expenditures</li> <li>▪ No fixed asset listing</li> </ul>
	2000-01	\$658,454	<ul style="list-style-type: none"> <li>▪ Co-mingling of program funds resulting in questioned costs of \$2,965</li> <li>▪ Lack of DCFS approval for certain subcontractors</li> <li>▪ Missing insurance coverage documentation</li> <li>▪ Incorrect methodology of allocating salary expenditures</li> <li>▪ No fixed asset listing</li> </ul>

Provider	Fiscal Year	Revenue	Findings
<b>Project Impact</b>	1998-99	\$329,054	<ul style="list-style-type: none"> <li>▪ Lack of approval from DCFS for disposal of fixed assets</li> <li>▪ Late penalty expenditures of \$60 resulting in disallowed costs</li> <li>▪ Inadequate insurance coverage</li> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Lack of compliance with federal and State payroll regulations</li> <li>▪ Bank reconciliations not signed and dated by reviewer</li> <li>▪ Lack of segregation of duties among bank reconciliation, cash receipts and check writing</li> </ul>
	1999-00	\$345,624	<ul style="list-style-type: none"> <li>▪ Late penalty expenditures of \$120 resulting in disallowed costs</li> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Lack of compliance with federal and State payroll regulations</li> <li>▪ Bank reconciliations not signed and dated by reviewer</li> <li>▪ Lack of segregation of duties among bank reconciliation, cash receipts and check writing</li> </ul>
	2000-01	\$359,170	<ul style="list-style-type: none"> <li>▪ Late penalty expenditures of \$177 resulting in disallowed costs</li> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Lack of DCFS approval for certain subcontracts</li> <li>▪ Bank reconciliations not signed and dated by reviewer</li> <li>▪ Lack of segregation of duties among bank reconciliation, cash receipts and check writing</li> </ul>
<b>Project Info (Spirit Family Services)</b>	1998-99	\$481,817	<ul style="list-style-type: none"> <li>▪ Inadequate subcontractors' insurance coverage</li> <li>▪ Single Audit Report not prepared in accordance with OMB-133 requirements</li> </ul>
	1999-00	\$493,217	<ul style="list-style-type: none"> <li>▪ Inadequate subcontractors' insurance coverage</li> <li>▪ Single Audit Report not prepared in accordance with OMB-133 requirements</li> </ul>
	2000-01	\$484,032	<ul style="list-style-type: none"> <li>▪ Inadequate subcontractors' insurance coverage</li> <li>▪ Single Audit Report not prepared in accordance with OMB-133 requirements</li> </ul>

Provider	Fiscal Year	Revenue	Findings
<b>Richstone Family Center</b>	1998-99	\$308,521	<ul style="list-style-type: none"> <li>▪ Lack of supporting documentation for subcontractor and other expenditures resulting in questioned costs of \$65,961</li> <li>▪ Allocation of indirect costs incorrectly based on budget amounts resulting in questioned costs of \$21,135</li> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Authorization of wage increase not in personnel files</li> </ul>
	1999-00	\$345,578	<ul style="list-style-type: none"> <li>▪ Lack of supporting documentation for indirect cost allocation resulting in questioned costs of \$13,873</li> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Authorization of wage increase not in personnel files</li> </ul>
	2000-01	\$357,532	<ul style="list-style-type: none"> <li>▪ Allocation of indirect costs incorrectly based on budget amounts resulting in questioned costs of \$10,199</li> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Authorization of wage increase not in personnel files</li> </ul>
<b>Shields for Families Project</b>	1998-99	\$584,741	<ul style="list-style-type: none"> <li>▪ Co-mingling of program funds resulting in questioned costs of \$3,168</li> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Lack of DCFS approval for certain subcontracts</li> <li>▪ Bank reconciliations not signed and dated by reviewer</li> </ul>
	1999-00	\$633,083	<ul style="list-style-type: none"> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Lack of supporting documentation for expenditures resulted in questioned costs of \$2,472</li> <li>▪ Bank reconciliations not signed and dated by reviewer</li> </ul>
	2000-01	\$614,680	<ul style="list-style-type: none"> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Lack of DCFS approval for certain subcontracts</li> <li>▪ Lack of supporting documentation for expenditures resulted in questioned costs of \$2,956</li> <li>▪ Bank reconciliations not signed and dated by reviewer</li> </ul>

Department of Children and Family Services  
Family Preservation Program – Provider Fiscal Audits

Attachment I  
Page 13

Provider	Fiscal Year	Revenue	Findings
Triangle Christian Services	1998-99	\$1,138,581	<ul style="list-style-type: none"> <li>▪ Improper cost allocations resulted in questioned costs of \$4,073</li> <li>▪ Lack of DCFS approval for certain subcontracts</li> <li>▪ Inadequate insurance coverage</li> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Timecards not properly maintained</li> <li>▪ Bank reconciliations not signed and dated by reviewer</li> </ul>
	1999-00	\$1,205,203	<ul style="list-style-type: none"> <li>▪ Improper cost allocations resulted in questioned costs of \$3,905</li> <li>▪ Lack of DCFS approval for certain subcontracts</li> <li>▪ Inadequate insurance coverage</li> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Timecards not properly maintained</li> <li>▪ Bank reconciliations not signed and dated by reviewer</li> </ul>
	2000-01	\$1,370,706	<ul style="list-style-type: none"> <li>▪ Improper cost allocations resulted in questioned costs of \$8,518</li> <li>▪ Lack of DCFS approval for certain subcontracts</li> <li>▪ Inadequate insurance coverage</li> <li>▪ Subcontractors' certificates of insurance not available upon request</li> <li>▪ Timecards not properly maintained</li> <li>▪ Bank reconciliations not signed and dated by reviewer</li> </ul>

Provider	Fiscal Year	Revenue	Findings
Youth Intervention Program	1998-99	\$1,704,616	<ul style="list-style-type: none"> <li>▪ Improper cost allocations resulted in questioned costs of \$99,081</li> <li>▪ Lack of supporting documentation for expenditures resulted in questioned costs of \$381,365</li> <li>▪ Lack of DCFS approval for capital expenditures resulting in questioned costs of \$33,300</li> <li>▪ Lack of DCFS approval for fixed assets purchased resulting in questioned costs of \$2,000</li> <li>▪ Lack of DCFS approval for certain subcontracts</li> <li>▪ Certificates of insurance not available upon request</li> <li>▪ Bank reconciliations not signed and dated by reviewer</li> <li>▪ Supporting documents for payments not properly cancelled</li> </ul>
	1999-00	\$1,568,834	<ul style="list-style-type: none"> <li>▪ Improper cost allocations resulted in questioned costs of \$40,472</li> <li>▪ Lack of supporting documentation for expenditures resulted in questioned costs of \$377,096</li> <li>▪ Lack of DCFS approval for capital expenditures resulting in questioned costs of \$67,500</li> <li>▪ Lack of DCFS approval for certain subcontracts</li> <li>▪ Certificates of insurance not available upon request</li> <li>▪ Bank reconciliations not signed and dated by reviewer</li> <li>▪ Supporting documents for payments not properly cancelled</li> </ul>
	2000-01	\$1,816,048	<ul style="list-style-type: none"> <li>▪ Improper cost allocations resulted in questioned costs of \$75,112</li> <li>▪ Lack of supporting documentation for expenditures resulted in questioned costs of \$252,714</li> <li>▪ Lack of DCFS approval for certain subcontracts</li> <li>▪ Certificates of insurance not available upon request</li> <li>▪ Bank reconciliations not signed and dated by reviewer</li> <li>▪ Supporting documents for payments not properly cancelled</li> </ul>